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TAGS: [PREL](#) [PGOV](#) [ENRG](#) [EAID](#) [ECON](#) [PHUM](#) [CH](#) [NP](#) [IN](#)  
SUBJECT: PRC: PRIME MINISTER NEPAL ENJOYS SUCCESSFUL  
DECEMBER 26-31 VISIT TO CHINA

Classified By: Political Minister Counselor Aubrey Carlson.  
Reasons 1.  
4 (b) and (d).

¶1. (C) SUMMARY: Nepalese and PRC official sources stated that Nepal Prime Minister Madhav Kumar Nepal's December 26-31 visit to China achieved tangible outcomes, including the signing of two official agreements, commercial contracts and broad agreement to strengthen the bilateral relationship. PM Nepal sought PRC support in bolstering Nepal's international image as a peaceful, stable, developing country and reaffirmed to PRC interlocutors that Nepalese authorities would not allow Nepal to be used for actions that threatened PRC sovereignty. A Nepal Embassy contact predicts that an upcoming Chinese business delegation visit to Nepal, Nepal President Ram Baran Yadav's likely visit to the Shanghai Expo, and a potential trip by Premier Wen Jiabao to Kathmandu in 2010 will propel bilateral relations forward over the next twelve months. END SUMMARY.

#### Visit Exceeds Expectations

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¶2. (C) Nepal Prime Minister Madhav Kumar Nepal's first official visit to China December 26-31 had far exceeded his expectation of a symbolic goodwill visit, Nepal Embassy First Secretary Rajaram Bartaula told PolOff January 3. Bartaula described the visit as "excellent" and ticked off a series of accomplishments, including: an agreement to form a "comprehensive bilateral partnership for future generations;" two signed bilateral agreements; new commercial contracts for investment in Nepal; and an understanding that joint cooperation in tourism, agriculture, hydropower and infrastructure would drive long-term development of the bilateral relationship. MFA Asia Department, India, Sri Lanka, Nepal and Bhutan Division Second Secretary Jiang Wei provided a similarly upbeat appraisal of the visit to PolOff January 12, describing it as a significant milestone in the history of the bilateral relationship.

#### Specific Deliverables

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¶3. (C) The two sides signed an agreement on economic and technical cooperation that increased PRC annual economic assistance to Nepal from 100 million RMB (USD 14.68 million) to 150 million RMB (USD 21.97 million) as well as a Memorandum of Understanding that expanded annual youth exchanges from current levels of 30-50 per year to 100 per year, according to Nepal diplomat Bartaula. PRC companies inked agreements during PM Nepal's visit in infrastructure, agriculture and hydropower projects, most notably China National Machinery and Equipment Import and Export Corporation (CMEC)'s investment in the construction of the 750-megawatt West Seti hydropower dam, according to Bartaula, who added that the dam could provide a model for future China-Nepal-India cooperation given that Indian firms had

also invested in the West Seti project. Bartaula noted PM Nepal's satisfaction that the China Council for Promotion of International Trade had accepted his invitation to visit Nepal in the first half of 2010 to explore additional investment opportunities.

#### Positive Atmospherics

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14. (C) PM Nepal had reiterated on multiple occasions, including with President Hu Jintao December 30, that Nepal would not allow any force to use Nepal's territory to threaten China's sovereignty, according to Nepal diplomat Bartaula. PM Nepal reportedly told President Hu, Premier Wen and NPC Chairman Wu Bangguo during separate meetings that Nepalese authorities planned to use the May 28, 2010 deadline for drafting a new constitution as a pivot point to move from a focus on the peace process to an invigorated effort to push forward economic development, and requested Chinese assistance in promoting an international image of Nepal as a stable, peaceful, developing country. MFA's Jiang pointed to the joint statement released at the conclusion of PM Nepal's visit, which stated that "the Chinese side is pleased to see progress made in the peace process in Nepal and sincerely hopes that Nepal will realize peace, stability and prosperity," as evidence of China's support for Nepal's peaceful resolution of political differences and upcoming focus on economic development.

15. (C) Nepal Embassy contact Bartaula confirmed that discussion of India's influence in Nepal had been conspicuously absent throughout PM Nepal's visit. Bartaula explained that Chinese sensitivity to Indian influence in Nepal had been in the background of every conversation, but

it had never been raised directly because it would have "soured the mood" of the visit.

#### Upcoming High-Level Visits

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16. (C) Bartaula stated that Premier Wen Jiabao would likely visit Nepal in late 2010, marking the first visit by a senior PRC leader to Nepal in at least seven years. Plans were underway for Nepal President Ram Baran Yadav to visit Shanghai during the Shanghai Expo, according to Bartaula. MFA's Jiang separately acknowledged that PM Nepal had invited Premier Wen to visit Nepal, but declined to confirm Premier Wen's acceptance of the invitation.

HUNTSMAN